

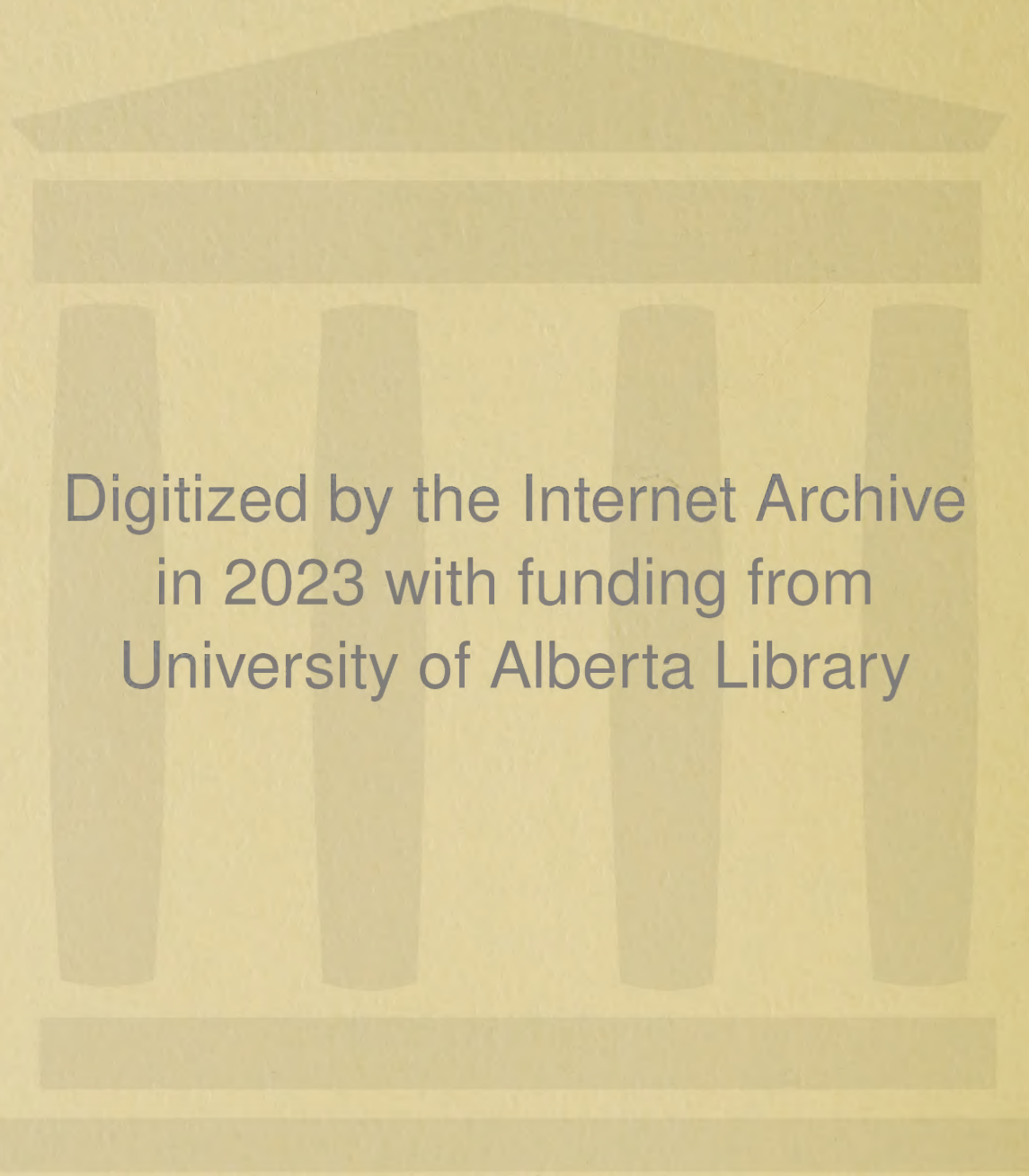
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**RIX-ATHABASCA
URANIUM MINES
LIMITED**

ANNUAL REPORT

For the year ended December 31

1965



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RIX-ATHABASCA

112 KING STREET WEST

TORONTO, ONTARIO, CANADA

URANIUM MINES LIMITED

DIRECTORS	R. G. CROMPTON Toronto, Ontario
	C. S. EATON, JR. Cleveland, Ohio
	R. W. MOODY Toronto, Ontario
	N. J. SHORT Toronto, Ontario
	M. M. SINCLAIR Toronto, Ontario
OFFICERS	M. M. SINCLAIR President
	R. G. CROMPTON Treasurer
TRANSFER AGENTS AND REGISTRARS	MONTREAL TRUST CO. Toronto, Ontario
BANKERS	CANADIAN IMPERIAL BANK OF COMMERCE Toronto, Ontario
	THE TORONTO-DOMINION BANK . . . Toronto, Ontario
AUDITORS	MCDONALD, CURRIE & CO. Toronto, Ontario

RIX-ATHABASCA URANIUM MINES LIMITED

Directors' Report to the Shareholders

Your Directors submit herewith the Annual Report of your Company for the year ending December 31st, 1965, including the financial statements and auditors' report.

The year-end value of current assets, investments and other assets was \$973,257 which is approximately the same as the previous year.

Revenue from operations at Cobalt ceased during the latter part of 1964 when the mine was closed. However, your Company was exposed to certain non-recurring expenses during 1965 along with regular exploration expenses which exceeded income by \$37,000. This is largely due to your Company maintaining a staff at Cobalt (covered under Administration Expense) under the direction of Mr. E. C. Rudd who dismantled the mining equipment there and devoted great effort to restoring, repairing and shipping as well as attending to the sale of this equipment. It is significant to mention that much of their effort has resulted in a very considerable revenue accruing from equipment sales thus far in 1966.

During the year 1965, your Company's funds have been invested to provide income with the exception of those funds invested in the shares of Torbrit Silver Mines Limited (1,080,000 shares). This company has a substantial portfolio and, like your Company, has no present operating

property, but is actively searching for one. The identity of interest makes a joint programme of exploration logical and the combined resources make a substantial reserve for equity financing in the event that property is found justifying production.

An expanded programme of exploration was pursued and properties were investigated in British Columbia, Ontario, Quebec and New Brunswick. In addition, properties were examined in Ecuador and Mexico. Diamond drilling of these properties where warranted failed to locate mineralization in commercial quantities.

In association with Torbrit and others, your Company completed drill testing of ground in the North Timmins area with negative results. The Company has now participated actively in the examination of three properties in the Timmins area.

Your Company is presently participating in the Northland Syndicate which has been conducting an airborne and ground survey over a 100 square mile concession north of Cochrane which was obtained from the Province of Ontario. The Syndicate has also recently acquired 230 mining claims by staking in this general area. It is anticipated that this exploration work will be followed by diamond drilling this summer.

Last year your Company, in partnership with Torbrit, sent its consultant, D. R. Derry Limited, to Mexico to examine several properties which had been brought to their attention. It was the opinion of your consultants that while these properties were not suitable, there, nevertheless, existed exceptional exploration and development opportunities. It was decided by your Board of Directors to pursue an active programme in Mexico in partnership with other companies. To facilitate this, Mexican Investors Limited was incorporated. During the summer, this company was fortunate in obtaining the services of Mr. Frank Anderson, a Canadian Mining Engineer now residing in Guadalajara. He is presently working full time on our projects in that country. Thus far, a number of very interesting properties have been located and an option on one silver property has been obtained.

Mr. E. C. Rudd carried out his duties as Manager of the original uranium property at Uranium City and later at the Cobalt property with efficiency and maximum economy. Subsequent to the suspension of work at the Cobalt property, Mr. Rudd has supervised work on properties being drilled or otherwise tested in the course of the exploration programme. He has recently left our services to establish an independent consulting service. Acknowledgement

of loyal service to him is expressed by your Directors and we look forward to a continuing relationship with Mr. Rudd in his new capacity.

The Annual Meeting of the Shareholders will be held at the Royal York Hotel, Toronto, Ontario, on the 15th day of July, 1966 at 10:30 A.M. and we look forward to seeing as many shareholders as possible at that time. For those of you unable to attend this meeting, we are enclosing a proxy form which we ask you to sign and return in the enclosed self-addressed envelope.

I wish to take this opportunity to thank the shareholders for their continued interest and support throughout the past year and to extend my appreciation to the Directors and Consultant, Dr. D. R. Derry for their contributions and loyalty.

On behalf of the Board,

M. M. SINCLAIR,
President.

Toronto, Ontario,
June 22, 1966.

RIX-ATHABASCA URA

Balance Sheet as at

ASSETS

CURRENT ASSETS

Cash	70,797	
Accounts receivable	3,490	
Marketable investments — at cost (quoted market value — \$146,675) ..	141,437	215,724

INVESTMENTS

Torbrit Silver Mines Limited — at cost (market value — \$581,400) ..	626,780	
Other — at cost (no quoted market value)	110,663	737,443

FIXED ASSETS

Automobile — at cost		1,841
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OTHER ASSETS

Supplies — at lower of cost or estimated realizable value		18,249
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\$ 973,257

AUDITOR

To the Shareholders of
RIX-ATHABASCA URANIUM MINES LIMITED

We have examined the balance sheet of Rix-Athabasca Uranium Mines Limited as at December 31, 1965 and statements of profit and loss and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

MIUM MINES LIMITED

December 31, 1965

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued liabilities	5,302
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SHAREHOLDERS' EQUITY

Capital stock —

Authorized —

5,000,000 shares of \$1 par value

Issued —

4,000,000 shares	4,000,000
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Discount thereon	845,001
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3,154,999

Deficit	2,187,044	967,955
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Note: The fixed assets pertaining to mining have been fully depreciated over the years and proceeds from disposals are being taken into income.

SIGNED ON BEHALF OF THE BOARD

C. S. EATON JR., Director.

R. G. CROMPTON, Director.

\$ 973,257

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In our opinion, the accompanying balance sheet and statements of profit and loss and deficit present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MCDONALD, CURRIE & CO.,

TORONTO, May 25, 1966.

Chartered Accountants.

RIX-ATHABASCA URANIUM MINES LIMITED

Statement of Profit and Loss

FOR THE YEAR ENDED DECEMBER 31, 1965

REVENUE

Profit on sale of investments	2,865	
Interest and sundry	10,011	
Proceeds on disposal of equipment and salvaged material	16,461	29,337

EXPENDITURES

Consultants' and geologists' fees	13,601	
Idle mine expense (net)	1,626	
Outside exploration	22,450	
Administrative expense (including directors' fees of \$750)	28,683	66,360

LOSS FOR THE YEAR		<u>\$ 37,023</u>
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Statement of Deficit

FOR THE YEAR ENDED DECEMBER 31, 1965

BALANCE — DECEMBER 31, 1964	2,150,021
Loss for the year	37,023
BALANCE — DECEMBER 31, 1965	<u>\$2,187,044</u>